FISCAL NOTE

SB 123 – HB 1146

February 20, 2007

SUMMARY OF BILL: Requires at least thirty percent of passenger motor vehicles purchased by the State of Tennessee during a fiscal year to have an estimated highway gasoline mileage rating of at least thirty-five miles per gallon (MPG).

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact – $635,300

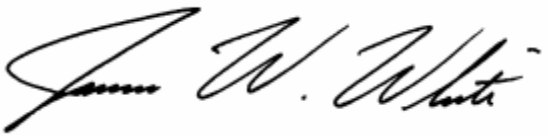
Assumptions:

- This bill does not specify that vehicles purchased as a requirement of this bill be purchased at a price comparable to current vehicles.
- The Department of General Services, the Department of Transportation (TDOT) and colleges and universities purchase vehicles.
- According to the Department of General Services, they will purchase the Toyota Prius as a replacement for current vehicles.
- The Department of General Services estimates they will buy 89 Toyota Prius' at a cost of $21,000 each.
- The current average cost for General Services to its purchase passenger motor vehicles is approximately $15,000 each. (Chevrolet Impala, Chevrolet Malibu and Chrysler Sebring)
- ($21,000 - $15,000) x 89 vehicles = $534,000 increase in state expenditures to purchase vehicles.
- According to TDOT, they will purchase Toyota Camry Hybrids as a replacement for current vehicles.
- TDOT estimates they will purchase 11 Toyota Camry Hybrids at a cost of $25,900 each.
- The current cost for TDOT to purchase a Chevrolet Impala is $15,711
- ($25,900 - $15,711) x 11 vehicles = $120,079 increase in state expenditures to purchase vehicles.
- According to Tennessee Commission on Higher Education (THEC), colleges and universities will purchase Kia or Hyundai models as a replacement for current vehicles.
- THEC estimates they will purchase 47 Kia or Hyundai models at an approximate price of $15,559 each.
- The current cost for colleges and universities to purchase a Chevrolet Malibu is $14,559.

- ($15,559 - $14,559) x 47 vehicles = $47,000 increase in state expenditures to purchase vehicles.
- $534,000 + $120,079 + $47,000 = $701,079 total increase in state expenditures to purchase vehicles.
- The average city/highway MPG rating for the Chevrolet Impala, Chevrolet Malibu and Chrysler Sebring is 21 MPG. General Services estimates approximately 12,000 miles per year per vehicle. The average city/highway MPG rating for the Toyota Prius is 55.5 MPG. The average fuel cost per current vehicle (12,000 miles / 21 MPG x $1.70 regular unleaded fuel) is $988. The average fuel cost for the Toyota Prius (12,000 miles / 55.5 MPG x $1.70 regular unleaded fuel) is $368.
- There will be a decrease in state expenditures to General Services in fuel costs of approximately $55,180. ($988 - $368) x 89 = $55,180
- The average city/highway MPG rating for the Chevrolet Impala is 26 MPG. TDOT estimates approximately 15,000 miles per year per vehicle. The average city/highway MPG rating for the Toyota Camry Hybrid is 39 MPG. The average fuel cost per Chevrolet Impala is (15,000 miles / 26 MPG x $1.70$1.70 regular unleaded fuel) is $980. The average fuel cost for the Toyota Camry Hybrid is (15,000 miles / 39 MPG x $1.70 regular unleaded fuel) is $653.
- There will be an average decrease in state expenditures to TDOT in fuel costs of approximately $3,597. ($980 - $653) x 11 = $3,597
- The average city/highway MPG rating for the Chevrolet Impala is 26 MPG. Approximately 12,000 miles per year per vehicle for colleges and universities. The average city/highway MPG rating for a Kia or Hyundai is 32 MPG. The average fuel cost per Chevrolet Impala is (12,000 miles / 26 MPG x $1.70$1.70 regular unleaded fuel) is $785. The average fuel cost for a Kia or Hyundai is (12,000 miles / 32 MPG x $1.70 regular unleaded fuel) is $637.
- There will be an average decrease in state expenditures to colleges and universities in fuel costs of approximately $6,956. ($785 - $637) x 47 = $6,956
- $55,180 + $3,597 + $6,956 = $65,733 total decrease in state expenditures for fuel costs.
- $701,079 (increase in state expenditures) - $65,733 (decrease in state expenditures) = $635,346 total increase in state expenditures.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director